

SIGOURNEY COMMUNITY SCHOOL DISTRICT
SIGOURNEY, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2009

TABLE OF CONTENTS

| | Page |
|---|-------|
| OFFICIALS | 3 |
| INDEPENDENT AUDITOR’S REPORT | 4-5 |
| BASIC FINANCIAL STATEMENTS | |
| Exhibit | |
| District-Wide Financial Statements: | |
| A Statement of Net Assets | 8-9 |
| B Statement of Activities | 10-13 |
| Governmental Fund Financial Statements: | |
| C Balance Sheet | 14 |
| D Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets | 15 |
| E Statement of Revenues, Expenditures and Changes in Fund Balances | 16-17 |
| F Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities | 18 |
| Proprietary Fund Financial Statements: | |
| G Statement of Net Assets | 19 |
| H Statement of Revenues, Expenses and Changes in Net Assets | 20 |
| I Statement of Cash Flows | 21 |
| Fiduciary Fund Financial Statements: | |
| J Statement of Fiduciary Net Assets | 22 |
| K Statement of Changes in Fiduciary Net Assets | 23 |
| Notes to Financial Statements | 24-34 |
| REQUIRED SUPPLEMENTARY INFORMATION: | |
| Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund | 36 |
| Notes to Required Supplementary Information – Budgetary Reporting | 37 |
| OTHER SUPPLEMENTARY INFORMATION: | |
| Schedule | |
| Nonmajor Governmental Funds: | |
| 1 Combining Balance Sheet | 40 |
| 2 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances | 41 |
| 3 Schedule of Changes in Special Revenue Fund, Student Activity Accounts | 42 |
| 4 Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund | 43 |
| 5 Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds | 44-45 |
| INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS | 46-47 |
| SCHEDULE OF FINDINGS | 48-53 |

SIGOURNEY COMMUNITY SCHOOL DISTRICT

OFFICIALS

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|----------------------------------|--|---------------------|
| <u>Board of Education</u> | | |
| (Before September 2008 Election) | | |
| Richard Danowsky | President | 2009 |
| Bill Rees | Vice President | 2009 |
| Terry Hollingsworth | Board Member | 2010 |
| Teresa Dawson | Board Member | 2010 |
| Larry Alderson | Board Member | 2008 |
| David Goll | Board Member | 2008 |
| Mark O'Rourke | Board Member | 2010 |
| <u>Board of Education</u> | | |
| (After September 2008 Election) | | |
| Bill Rees | President | 2009 |
| Larry Alderson | Vice President | 2011 |
| Richard Danowsky | Board Member | 2009 |
| Teresa Dawson | Board Member | 2009 |
| Kenneth Gretter | Board Member | 2011 |
| Terry Hollingsworth | Board Member | 2011 |
| Mark O'Rourke | Board Member | 2011 |
| <u>School Officials</u> | | |
| Todd Abrahamson | Superintendent | 2011 |
| Marlene Stoutner | District Secretary/Treasurer and Business Manager | 2009 |
| Gruhn Law Firm | Attorney | 2009 |

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Sigourney Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sigourney Community School District, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the District's officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sigourney Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2010 on our consideration of Sigourney Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Budgetary Comparison Information on pages 36 through 37 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented Management's Discussion and Analysis, which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information, that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sigourney Community School District's basic financial statements. The financial statements for the five years ended June 30, 2008 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
January 22, 2010

This page intentionally left blank

Basic Financial Statements

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|---------------|
| <u>Assets</u> | | | |
| Cash and pooled investments | \$ 1,044,038 | \$ 44,592 | \$ 1,088,630 |
| Receivables: | | | |
| Property tax: | | | |
| Current year | 48,885 | - | 48,885 |
| Succeeding year | 2,116,625 | - | 2,116,625 |
| Income surtax | 118,714 | - | 118,714 |
| Due from other governments | 425,546 | - | 425,546 |
| Inventories | - | 1,520 | 1,520 |
| Capital assets, net of accumulated depreciation (note 4) | 3,114,337 | 37,883 | 3,152,220 |
| Total assets | 6,868,145 | 83,995 | 6,952,140 |
| <u>Liabilities</u> | | | |
| Accounts payable | 80,482 | - | 80,482 |
| Salaries and benefits payable | 10,220 | - | 10,220 |
| Unearned revenue | - | 1,538 | 1,538 |
| Deferred revenue: | | | |
| Succeeding year property tax | 2,116,625 | - | 2,116,625 |
| Other | 87,958 | - | 87,958 |
| Long-term liabilities (note 5): | | | |
| Portion due within one year: | | | |
| Capital lease purchase agreement | 100,000 | - | 100,000 |
| Portion due after one year: | | | |
| Capital lease purchase agreement | 425,764 | - | 425,764 |
| Total liabilities | 2,821,049 | 1,538 | 2,822,587 |

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

| | Governmental Activities | Business-type Activities | Total |
|-----------------------------------|----------------------------|-----------------------------|--------------|
| Net Assets | | | |
| Invested in capital assets | \$ 3,114,337 | \$ 37,883 | \$ 3,152,220 |
| Restricted for: | | | |
| Categorical funding | 34,054 | - | 34,054 |
| Management levy | 68,653 | - | 68,653 |
| Physical plant and equipment levy | 601 | - | 601 |
| Other special revenue purposes | 95,578 | - | 95,578 |
| Unrestricted | 733,873 | 44,574 | 778,447 |
| Total net assets | \$ 4,047,096 | \$ 82,457 | \$ 4,129,553 |

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

| Functions/Programs | Expenses | Program Revenues | | |
|---|------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| Instruction | \$ 4,039,362 | \$ 508,878 | \$ 595,069 | \$ - |
| Support services: | | | | |
| Student services | 226,334 | - | 132,568 | - |
| Instructional staff services | 195,697 | - | 9,750 | - |
| Administration services | 1,310,028 | 61,030 | - | - |
| Operation and maintenance of plant services | 591,476 | - | - | - |
| Transportation services | 283,091 | - | - | - |
| | <u>2,606,626</u> | <u>61,030</u> | <u>142,318</u> | <u>-</u> |
| Non-instructional programs | <u>1,640</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other expenditures: | | | | |
| Long-term debt interest and fiscal charges | 10,167 | - | - | - |
| AEA flowthrough | 216,486 | - | 216,486 | - |
| Depreciation (unallocated) * | 85,869 | - | - | - |
| | <u>312,522</u> | <u>-</u> | <u>216,486</u> | <u>-</u> |
| Total governmental activities | <u>6,960,150</u> | <u>569,908</u> | <u>953,873</u> | <u>-</u> |
| Business-Type Activities: | | | | |
| Non-instructional programs: | | | | |
| Food service operations | <u>252,242</u> | <u>150,678</u> | <u>124,428</u> | <u>14,365</u> |
| Total | \$ 7,212,392 | \$ 720,586 | \$ 1,078,301 | \$ 14,365 |

| Net (Expense) Revenue and Changes in Net Assets | | |
|--|-------------------------------------|----------------|
| <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
| \$ (2,935,415) | \$ - | \$ (2,935,415) |
| (93,766) | - | (93,766) |
| (185,947) | - | (185,947) |
| (1,248,998) | - | (1,248,998) |
| (591,476) | - | (591,476) |
| (283,091) | - | (283,091) |
| (2,403,278) | - | (2,403,278) |
| (1,640) | - | (1,640) |
| (10,167) | - | (10,167) |
| - | - | - |
| (85,869) | - | (85,869) |
| (96,036) | - | (96,036) |
| (5,436,369) | - | (5,436,369) |
| - | 37,229 | 37,229 |
| (5,436,369) | 37,229 | (5,399,140) |

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs

General Revenues:

Property tax levied for:

General purposes

Income surtax

Statewide sales and services tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
in the direct expenses of the various programs.

See notes to financial statements.

| Net (Expense) Revenue and Changes in Net Assets | | |
|--|-------------------------------------|----------------------------|
| <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
| \$ 2,220,486 | \$ - | \$ 2,220,486 |
| 136,366 | - | 136,366 |
| 343,323 | - | 343,323 |
| 2,306,098 | - | 2,306,098 |
| 12,222 | 97 | 12,319 |
| 58,454 | - | 58,454 |
| <u>5,076,949</u> | <u>97</u> | <u>5,077,046</u> |
| (359,420) | 37,326 | (322,094) |
| <u>4,406,516</u> | <u>45,131</u> | <u>4,451,647</u> |
| \$ <u><u>4,047,096</u></u> | \$ <u><u>82,457</u></u> | \$ <u><u>4,129,553</u></u> |

SIGOURNEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

| | General | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------------------------|---------------------|---------------------|-----------------------------------|--------------------------------|
| <hr/> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 805,010 | \$ 75,961 | \$ 163,067 | \$ 1,044,038 |
| Receivables: | | | | |
| Property tax: | | | | |
| Current year | 47,120 | - | 1,765 | 48,885 |
| Succeeding year | 2,026,311 | - | 90,314 | 2,116,625 |
| Income surtax | 118,714 | - | - | 118,714 |
| Due from other governments | 276,039 | 149,507 | - | 425,546 |
| | <hr/> | | | |
| Total assets | <u>\$ 3,273,194</u> | <u>\$ 225,468</u> | <u>\$ 255,146</u> | <u>\$ 3,753,808</u> |
| <hr/> | | | | |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 64,276 | \$ 16,206 | \$ - | \$ 80,482 |
| Salaries and benefits payable | 10,220 | - | - | 10,220 |
| Deferred revenue: | | | | |
| Succeeding year property tax | 2,026,311 | - | 90,314 | 2,116,625 |
| Other | 206,672 | - | - | 206,672 |
| Total liabilities | <u>2,307,479</u> | <u>16,206</u> | <u>90,314</u> | <u>2,413,999</u> |
| <hr/> | | | | |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Categorical funding | 34,054 | - | - | 34,054 |
| Instructional purposes | 56,247 | - | - | 56,247 |
| Unreserved, reported in: | | | | |
| General fund | 875,414 | - | - | 875,414 |
| Special revenue funds | - | - | 164,832 | 164,832 |
| Capital projects fund | - | 209,262 | - | 209,262 |
| Total fund balances | <u>965,715</u> | <u>209,262</u> | <u>164,832</u> | <u>1,339,809</u> |
| | <hr/> | | | |
| Total liabilities and fund balances | <u>\$ 3,273,194</u> | <u>\$ 225,468</u> | <u>\$ 255,146</u> | <u>\$ 3,753,808</u> |

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2009

| | |
|--|---------------------|
| Total fund balances of governmental funds | \$ 1,339,809 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. | 3,114,337 |
| Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. | 118,714 |
| Long-term liabilities, including capital lease purchases, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | <u>(525,764)</u> |
| Net assets of governmental activities | <u>\$ 4,047,096</u> |

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

| | General | Capital Projects | Nonmajor Governmental Funds | Total |
|---|--------------|---------------------|-----------------------------------|--------------|
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ 2,255,397 | \$ 343,323 | \$ 79,823 | \$ 2,678,543 |
| Tuition | 247,583 | - | - | 247,583 |
| Other | 235,942 | 695 | 165,634 | 402,271 |
| State sources | 2,968,162 | - | 61 | 2,968,223 |
| Federal sources | 292,943 | - | - | 292,943 |
| Total revenues | 6,000,027 | 344,018 | 245,518 | 6,589,563 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 3,953,965 | 8,380 | 185,054 | 4,147,399 |
| Support services: | | | | |
| Student services | 93,166 | - | 601 | 93,767 |
| Instructional staff services | 195,084 | - | 613 | 195,697 |
| Administration services | 775,048 | 526,208 | 3,564 | 1,304,820 |
| Operation and maintenance of plant services | 595,477 | 17,571 | 31,217 | 644,265 |
| Transportation services | 211,363 | - | 12,073 | 223,436 |
| | 1,870,138 | 543,779 | 48,068 | 2,461,985 |
| Non-instructional programs | - | - | 1,640 | 1,640 |
| Other expenditures: | | | | |
| Facilities acquisition | - | 38,592 | - | 38,592 |
| Long term debt: | | | | |
| Principal | - | - | 260,000 | 260,000 |
| Interest and fiscal charges | - | - | 12,160 | 12,160 |
| AEA flowthrough | 216,486 | - | - | 216,486 |
| | 216,486 | 38,592 | 272,160 | 527,238 |
| Total expenditures | 6,040,589 | 590,751 | 506,922 | 7,138,262 |
| Deficiency of revenues under expenditures | (40,562) | (246,733) | (261,404) | (548,699) |

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

| | General | Capital Projects | Nonmajor Governmental Funds | Total |
|---|-------------------|---------------------|-----------------------------------|---------------------|
| Other financing sources (uses): | | | | |
| Capital lease purchase agreement proceeds | \$ - | \$ 525,764 | \$ - | \$ 525,764 |
| Interfund transfers in (note 3) | - | - | 245,571 | 245,571 |
| Interfund transfers out (note 3) | - | (245,571) | - | (245,571) |
| Total other financing sources (uses) | - | 280,193 | 245,571 | 525,764 |
| Net change in fund balances | (40,562) | 33,460 | (15,833) | (22,935) |
| Fund balances beginning of year | 1,006,277 | 175,802 | 180,665 | 1,362,744 |
| Fund balances end of year | <u>\$ 965,715</u> | <u>\$ 209,262</u> | <u>\$ 164,832</u> | <u>\$ 1,339,809</u> |

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ (22,935)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

| | | |
|---------------------------------|------------------|----------|
| Expenditures for capital assets | \$ 96,264 | |
| Depreciation expense | <u>(182,229)</u> | (85,965) |

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. 11,166

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. (525,764)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 260,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 1,993

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 2,085

Change in net assets of governmental activities \$ (359,420)

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2009

| | <u>School Nutrition</u> |
|--|-----------------------------|
| Assets | |
| Cash and pooled investments | \$ 44,592 |
| Inventories | 1,520 |
| Capital assets, net of accumulated depreciation (note 4) | <u>37,883</u> |
| Total assets | <u>83,995</u> |
| Liabilities | |
| Unearned revenue | <u>1,538</u> |
| Net Assets | |
| Invested in capital assets | 37,883 |
| Unrestricted | <u>44,574</u> |
| Total net assets | <u>\$ 82,457</u> |

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2009

| | <u>School Nutrition</u> |
|------------------------------|-----------------------------|
| Operating revenues: | |
| Local sources: | |
| Charges for services | \$ <u>150,678</u> |
| Operating expenses: | |
| Non-instructional programs: | |
| Food service operations: | |
| Salaries | 95,151 |
| Benefits | 40,268 |
| Purchased services | 4,086 |
| Supplies | 106,886 |
| Depreciation | 5,361 |
| Other | 490 |
| | <u>252,242</u> |
| Operating loss | <u>(101,564)</u> |
| Non-operating revenues: | |
| Interest on investments | 97 |
| Capital contributions | 14,365 |
| State sources | 3,261 |
| Federal sources | <u>121,167</u> |
| Total non-operating revenues | <u>138,890</u> |
| Change in net assets | 37,326 |
| Net assets beginning of year | <u>45,131</u> |
| Net assets end of year | \$ <u><u>82,457</u></u> |

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009

| | <u>School Nutrition</u> |
|---|-----------------------------|
| Cash flows from operating activities: | |
| Cash received from sale of lunches and breakfasts | \$ 150,117 |
| Cash received from miscellaneous operating activities | 510 |
| Cash payments to employees for services | (135,420) |
| Cash payments to suppliers for goods or services | <u>(86,951)</u> |
| Net cash used by operating activities | <u>(71,744)</u> |
| Cash flows from non-capital financing activities: | |
| State grants received | 3,261 |
| Federal grants received | <u>98,600</u> |
| Net cash provided by non-capital financing activities | <u>101,861</u> |
| Cash flows from investing activities: | |
| Interest on investments | <u>97</u> |
| Net increase in cash and cash equivalents | 30,214 |
| Cash and cash equivalents beginning of year | <u>14,378</u> |
| Cash and cash equivalents end of year | \$ <u><u>44,592</u></u> |
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | \$ (101,564) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation | 5,361 |
| Commodities used | 22,567 |
| Decrease in inventories | 1,943 |
| (Decrease) in unearned revenue | <u>(51)</u> |
| Net cash used by operating activities | \$ <u><u>(71,744)</u></u> |
| Non-cash investing, capital and financing activities: | |
| During the year ended June 30, 2009, the District received \$22,567 of federal commodities and \$14,365 of capital contributions. | |

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2009

| | Private Purpose Trust | Agency Sigourney Education Foundation |
|-----------------------------|--------------------------|--|
| | <u>Scholarship</u> | <u>Foundation</u> |
| Assets: | | |
| Cash and pooled investments | \$ <u>23,824</u> | \$ <u>11,709</u> |
| Liabilities: | | |
| Other payables | <u>-</u> | <u>11,709</u> |
| Net assets: | | |
| Reserved for scholarships | \$ <u><u>23,824</u></u> | \$ <u><u>-</u></u> |

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2009

| | Private Purpose Trust |
|------------------------------------|--------------------------|
| | <u>Scholarship</u> |
| Additions: | |
| Local sources: | |
| Gifts and contributions | \$ 5,500 |
| Interest | <u>319</u> |
| Total additions | <u>5,819</u> |
| Deductions: | |
| None | <u>-</u> |
| Change in net assets | 5,819 |
| Net assets beginning of year | <u>18,005</u> |
| Net assets end of year | \$ <u><u>23,824</u></u> |
| See notes to financial statements. | |

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies

Sigourney Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Sigourney, Iowa, and agricultural territory in Keokuk County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Sigourney Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Sigourney Community School District has one component unit which meets the Governmental Accounting Standards Board criteria.

These financial statements present Sigourney Community School District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationships with the District.

Blended Component Unit – The following component unit is an entity which is legally separate from the school district, but is so intertwined with the school district that it is, in substance, the same as the school district. It is reported as part of the school district and blended into the appropriate fund.

The Sigourney Education Foundation (Foundation) was created to raise money through contributions to advance, enhance, and support educational opportunities in the Sigourney Community School District. The Foundation is a separate legal entity whose directors are all members of the school Board of Education. The Foundation is reported as an Agency Fund.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Keokuk County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2009 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| Asset Class | Amount |
|-----------------------------------|--------|
| Land | \$ - |
| Buildings | 5,000 |
| Improvements other than buildings | 5,000 |
| Furniture and equipment: | |
| School Nutrition Fund equipment | 500 |
| Other furniture and equipment | 5,000 |

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-----------------------------------|-----------------------------------|
| Buildings | 50 years |
| Improvements other than buildings | 20 years |
| Furniture and equipment | 5-12 years |

Salaries and Benefits Payable – Payroll benefits for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue for governmental funds consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue for governmental activities in the Statement of Net Assets consists of unspent grant proceeds and the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District's policy is not to reimburse for sick leave or vacation. Vacation can only be used by the employee in the year it is earned. The District has no compensated absences liability at June 30, 2009.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2009 consists of \$198,886.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures in the support services function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

| | <u>Amortized Cost</u> |
|-----------------------|---------------------------|
| Diversified Portfolio | \$ <u><u>499</u></u> |

The investment is valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Component Unit Agency Fund Investments – The Foundation had investments at June 30, 2009 as follows:

| | <u>Fair Value</u> |
|--------------|-------------------------|
| Mutual Funds | \$ <u><u>11,709</u></u> |

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> |
|--------------------|----------------------|-------------------|
| Debt Service | Capital Projects | \$ <u>245,571</u> |

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

| | <u>Balance Beginning of Year</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance End of Year</u> |
|---|--|--------------------|------------------|------------------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 127,865 | \$ 20,000 | \$ - | \$ 147,865 |
| Construction in progress | - | 9,250 | - | 9,250 |
| Total capital assets not being depreciated | <u>127,865</u> | <u>29,250</u> | <u>-</u> | <u>157,115</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 4,463,440 | 11,800 | - | 4,475,240 |
| Improvements other than buildings | 581,293 | 55,214 | - | 636,507 |
| Furniture and equipment | 787,732 | - | - | 787,732 |
| Total capital assets being depreciated | <u>5,832,465</u> | <u>67,014</u> | <u>-</u> | <u>5,899,479</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,037,419 | 85,541 | - | 2,122,960 |
| Improvements other than buildings | 221,884 | 29,347 | - | 251,231 |
| Furniture and equipment | 500,725 | 67,341 | - | 568,066 |
| Total accumulated depreciation | <u>2,760,028</u> | <u>182,229</u> | <u>-</u> | <u>2,942,257</u> |
| Total capital assets being depreciated, net | <u>3,072,437</u> | <u>(115,215)</u> | <u>-</u> | <u>2,957,222</u> |
| Governmental activities capital assets, net | <u>\$ 3,200,302</u> | <u>\$ (85,965)</u> | <u>\$ -</u> | <u>\$ 3,114,337</u> |

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 4. Capital Assets (continued)

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|--|---------------------------------|-----------------|-------------|---------------------------|
| Business-type activities: | | | | |
| Furniture and equipment | \$ 168,582 | \$ 14,365 | \$ - | \$ 182,947 |
| Less accumulated depreciation | <u>139,703</u> | <u>5,361</u> | <u>-</u> | <u>145,064</u> |
| Business-type activities capital assets, net | <u>\$ 28,879</u> | <u>\$ 9,004</u> | <u>\$ -</u> | <u>\$ 37,883</u> |

Depreciation expense was charged by the District to the following functions:

| | |
|--|-------------------|
| Governmental activities: | |
| Instruction | \$ 26,989 |
| Support services: | |
| Administration | 7,293 |
| Operation and maintenance of plant services | 2,424 |
| Transportation | <u>59,654</u> |
| | 96,360 |
| Unallocated depreciation | <u>85,869</u> |
| Total governmental activities depreciation expense | <u>\$ 182,229</u> |
| Business-type activities: | |
| Food service operations | <u>\$ 5,361</u> |

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

| | Compensated Absences | General Obligation Bonds | Capital Lease Purchase Agreement | Total |
|---------------------------|-------------------------|--------------------------------|---|------------|
| Balance beginning of year | \$ 2,085 | \$ 260,000 | \$ - | \$ 262,085 |
| Additions | - | - | 525,764 | 525,764 |
| Reductions | 2,085 | 260,000 | - | 262,085 |
| Balance end of year | \$ - | \$ - | \$ 525,764 | \$ 525,764 |
| Due within one year | \$ - | \$ - | \$ 100,000 | \$ 100,000 |

Capital Lease Purchase Agreement

During the year ended June 30, 2009, the District entered into an interest-free agreement for the lease purchase of computers and computer equipment. The agreement provides for forty-eight monthly payments of \$10,953.

Details of the District's June 30, 2009 capital lease purchase agreement indebtedness are as follows:

| Year Ending June 30, | Principal |
|-------------------------|-------------------|
| 2010 | \$ 100,000 |
| 2011 | 141,921 |
| 2012 | 141,921 |
| 2013 | 141,922 |
| | <u>\$ 525,764</u> |

During the year ended June 30, 2009, the District made no payments on the capital lease purchase agreement.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 6. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$220,796, \$195,250, and \$196,580, respectively, equal to the required contributions for each year.

Note 7. Risk Management

Sigourney Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$216,486 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 9. Subsequent Events

In July 2009, the District entered into a contract for \$1,594,200 for the construction of a Career Academy building.

On July 13, 2009, the District issued a promissory note of \$1,700,000. Proceeds of the issuance are to be used to construct the Career Academy building. The note is payable over sixteen years and includes interest at 4.5%.

Required Supplementary Information

SIGOURNEY COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds
and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2009

| | Governmental Funds - Actual | Proprietary Fund - Actual | Total Actual | Budgeted Amounts Original and Final | Final to Actual Variance |
|--|-----------------------------------|---------------------------------|-----------------|---|--------------------------------|
| REVENUES: | | | | | |
| Local sources | \$ 3,328,397 | \$ 165,140 | \$ 3,493,537 | \$ 3,371,551 | \$ 121,986 |
| State sources | 2,968,223 | 3,261 | 2,971,484 | 3,376,639 | (405,155) |
| Federal sources | 292,943 | 121,167 | 414,110 | 313,000 | 101,110 |
| Total revenues | 6,589,563 | 289,568 | 6,879,131 | 7,061,190 | (182,059) |
| EXPENDITURES/EXPENSES: | | | | | |
| Instruction | 4,147,399 | - | 4,147,399 | 5,477,902 | 1,330,503 |
| Support services | 2,461,985 | - | 2,461,985 | 1,900,342 | (561,643) |
| Non-instructional programs | 1,640 | 252,242 | 253,882 | 260,093 | 6,211 |
| Other expenditures | 527,238 | - | 527,238 | 593,094 | 65,856 |
| Total expenditures/expenses | 7,138,262 | 252,242 | 7,390,504 | 8,231,431 | 840,927 |
| Excess (deficiency) of revenues over (under) expenditures/ expenses | (548,699) | 37,326 | (511,373) | (1,170,241) | 658,868 |
| Other financing sources, net | 525,764 | - | 525,764 | 1,000 | 524,764 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses | (22,935) | 37,326 | 14,391 | (1,169,241) | 1,183,632 |
| Balance beginning of year | 1,362,744 | 45,131 | 1,407,875 | 1,195,475 | 212,400 |
| Balance end of year | \$ 1,339,809 | \$ 82,457 | \$ 1,422,266 | \$ 26,234 | \$ 1,396,032 |

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2009, expenditures in the support services function exceeded the amount budgeted.

This page intentionally left blank

Other Supplementary Information

SIGOURNEY COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

| | <u>Special Revenue</u> | | | |
|-------------------------------------|----------------------------|-----------------------------|--|-------------------|
| | <u>Management Levy</u> | <u>Student Activity</u> | <u>Physical Plant and Equipment Levy</u> | <u>Total</u> |
| Assets | | | | |
| Cash and pooled investments | \$ 66,888 | \$ 95,578 | \$ 601 | \$ 163,067 |
| Receivables: | | | | |
| Property tax: | | | | |
| Current year | 1,765 | - | - | 1,765 |
| Succeeding year | 44,999 | - | 45,315 | 90,314 |
| Total assets | <u>\$ 113,652</u> | <u>\$ 95,578</u> | <u>\$ 45,916</u> | <u>\$ 255,146</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Deferred revenue: | | | | |
| Succeeding year property tax | \$ <u>44,999</u> | \$ <u>-</u> | \$ <u>45,315</u> | \$ <u>90,314</u> |
| Fund balances: | | | | |
| Unreserved: | | | | |
| Undesignated | <u>68,653</u> | <u>95,578</u> | <u>601</u> | <u>164,832</u> |
| Total liabilities and fund balances | <u>\$ 113,652</u> | <u>\$ 95,578</u> | <u>\$ 45,916</u> | <u>\$ 255,146</u> |

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2009

| | Special Revenue | | | | |
|--------------------------------------|-----------------|-----------|-----------|-----------|------------|
| | Management | Student | Physical | Debt | |
| | Levy | Activity | Plant and | Service | Total |
| | | | Equipment | | |
| | | | Levy | | |
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 79,823 | \$ - | \$ - | \$ - | 79,823 |
| Other | 8,780 | 156,677 | 97 | 80 | 165,634 |
| State sources | 61 | - | - | - | 61 |
| Total revenues | 88,664 | 156,677 | 97 | 80 | 245,518 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction | 27,137 | 157,917 | - | - | 185,054 |
| Support services: | | | | | |
| Student services | 601 | - | - | - | 601 |
| Instructional staff services | 613 | - | - | - | 613 |
| Administration services | 3,564 | - | - | - | 3,564 |
| Operation and maintenance | | | | | |
| of plant services | 30,568 | - | 649 | - | 31,217 |
| Transportation services | 12,073 | - | - | - | 12,073 |
| Non instructional programs | 1,640 | - | - | - | 1,640 |
| Other expenditures: | | | | | |
| Long term debt: | | | | | |
| Principal | - | - | - | 260,000 | 260,000 |
| Interest and fiscal charges | - | - | - | 12,160 | 12,160 |
| Total expenditures | 76,196 | 157,917 | 649 | 272,160 | 506,922 |
| Excess (deficiency) of revenues over | | | | | |
| (under) expenditures | 12,468 | (1,240) | (552) | (272,080) | (261,404) |
| Other financing sources: | | | | | |
| Interfund transfers in | - | - | - | 245,571 | 245,571 |
| Net change in fund balances | 12,468 | (1,240) | (552) | (26,509) | (15,833) |
| Fund balances beginning of year | 56,185 | 96,818 | 1,153 | 26,509 | 180,665 |
| Fund balances end of year | \$ 68,653 | \$ 95,578 | \$ 601 | \$ - | \$ 164,832 |

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

| Account | Balance Beginning of Year | Revenues | Expenditures | Balance End of Year |
|------------------------------|---------------------------------|-------------------|-------------------|---------------------------|
| Drama | \$ 1,343 | \$ 2,058 | \$ 1,217 | \$ 2,184 |
| Spanish Club | 2,950 | 25 | 26 | 2,949 |
| Band Trip | 4,047 | 14,922 | 6,276 | 12,693 |
| Girls Basketball Fundraising | 8,631 | 14,311 | 17,193 | 5,749 |
| Girls Golf Fundraising | - | 4 | - | 4 |
| Boys Basketball | 5,443 | 8,968 | 7,230 | 7,181 |
| Trapshooting | - | 2,491 | 2,489 | 2 |
| Girls Track Fundraising | 13 | 3,981 | 3,920 | 74 |
| Softball | 2,990 | 1,008 | 53 | 3,945 |
| Baseball Fundraising | 3,982 | 4,118 | 6,721 | 1,379 |
| Volleyball Fundraising | 686 | 3,790 | 3,391 | 1,085 |
| Wrestling Fundraising | 4,413 | 6,190 | 4,939 | 5,664 |
| Athletics | 9,829 | 40,504 | 44,653 | 5,680 |
| Sigourney - Keota | 2,111 | 1,519 | 2,625 | 1,005 |
| Junior High Student Council | 1,084 | 32 | 207 | 909 |
| Yearbook | 4,790 | 10 | 4,800 | - |
| FCCLA | 8,752 | 5,753 | 5,199 | 9,306 |
| FFA | 7,178 | 23,790 | 24,570 | 6,398 |
| Student Council | 5,738 | 8,302 | 7,349 | 6,691 |
| Cheerleaders | 7,691 | 7,254 | 5,672 | 9,273 |
| Wrestling Cheerleaders | 601 | 2,515 | 2,945 | 171 |
| Class of 2009 | 1,884 | 928 | 1,082 | 1,730 |
| Class of 2010 | 3,860 | 261 | 2,902 | 1,219 |
| Class of 2011 | 3,666 | 25 | 92 | 3,599 |
| Class of 2012 | 3,926 | 180 | 136 | 3,970 |
| Class of 2013 | 862 | 2,614 | 1,570 | 1,906 |
| Class of 2014 | 348 | 1,124 | 660 | 812 |
| | <u>\$ 96,818</u> | <u>\$ 156,677</u> | <u>\$ 157,917</u> | <u>\$ 95,578</u> |

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2009

| | Balance Beginning of Year | Additions | Deductions | Balance End of Year |
|-----------------------------|---------------------------------|------------------|-----------------|---------------------------|
| Assets | | | | |
| Cash and pooled investments | \$ <u>8,181</u> | \$ <u>10,004</u> | \$ <u>6,476</u> | \$ <u>11,709</u> |
| Liabilities | | | | |
| Other payables | \$ <u>8,181</u> | \$ <u>10,004</u> | \$ <u>6,476</u> | \$ <u>11,709</u> |

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SIX YEARS

| | Modified Accrual Basis Years Ended June 30, | | | |
|--|--|---------------------|---------------------|---------------------|
| | 2009 | 2008 | 2007 | 2006 |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ 2,678,543 | \$ 2,630,254 | \$ 2,310,889 | \$ 2,461,134 |
| Tuition | 247,583 | 260,764 | 247,180 | 295,282 |
| Other | 402,271 | 527,109 | 328,882 | 313,145 |
| State sources | 2,968,223 | 3,405,799 | 3,355,294 | 3,113,321 |
| Federal sources | 292,943 | 488,958 | 318,873 | 331,662 |
| Total revenues | <u>\$ 6,589,563</u> | <u>\$ 7,312,884</u> | <u>\$ 6,561,118</u> | <u>\$ 6,514,544</u> |
| Expenditures: | | | | |
| Instruction | \$ 4,147,399 | \$ 3,918,372 | \$ 4,132,620 | \$ 4,461,857 |
| Support services: | | | | |
| Student services | 93,767 | 91,569 | 96,963 | 97,821 |
| Instructional staff services | 195,697 | 183,197 | 203,032 | 189,373 |
| Administration services | 1,304,820 | 869,479 | 813,955 | 750,145 |
| Operation and maintenance of plant services | 644,265 | 574,375 | 535,287 | 551,149 |
| Transportation services | 223,436 | 473,581 | 221,468 | 270,654 |
| Central support services | - | - | - | - |
| Non-instructional programs | 1,640 | 652 | 2,632 | 694 |
| Other expenditures: | | | | |
| Facilities acquisition | 38,592 | 516,926 | 11,365 | 33,326 |
| Long-term debt: | | | | |
| Principal | 260,000 | 255,000 | 160,000 | 320,000 |
| Interest and fiscal charges | 12,160 | 23,835 | 30,875 | 45,220 |
| AEA flowthrough | 216,486 | 213,973 | 210,712 | 193,955 |
| Total expenditures | <u>\$ 7,138,262</u> | <u>\$ 7,120,959</u> | <u>\$ 6,418,909</u> | <u>\$ 6,914,194</u> |

See accompanying independent auditor's report.

| <u>2005</u> | <u>2004</u> |
|---------------------|---------------------|
| \$ 2,374,146 | \$ 2,156,319 |
| 387,580 | 446,806 |
| 269,074 | 260,471 |
| 3,025,100 | 2,861,247 |
| <u>302,972</u> | <u>290,904</u> |
| <u>\$ 6,358,872</u> | <u>\$ 6,015,747</u> |
| | |
| \$ 4,230,765 | \$ 4,366,462 |
| 97,550 | 92,753 |
| 199,712 | 138,823 |
| 646,285 | 586,137 |
| 457,047 | 285,958 |
| 257,980 | 233,505 |
| - | 17,854 |
| 505 | 631 |
| 3,113 | 17,391 |
| 225,000 | 215,000 |
| 54,870 | 63,743 |
| <u>193,071</u> | <u>196,894</u> |
| <u>\$ 6,365,898</u> | <u>\$ 6,215,151</u> |

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Sigourney Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sigourney Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sigourney Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sigourney Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sigourney Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Sigourney Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Sigourney Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Sigourney Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sigourney Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Sigourney Community School District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Sigourney Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Sigourney Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Sigourney Community School District and other parties to whom Sigourney Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sigourney Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
January 22, 2010

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

- I-A-09 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the posting of cash receipts to the cash receipts journal, bank deposits, and bank reconciliation can all be done by the same person in the various funds. Additionally, one individual signs all checks using the Board Secretary and Board President stamps. These signature stamps are not kept in a secure and locked place.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances. The signature stamps should be kept in a locked and secure place.

Response – We will investigate available alternatives and implement as soon as possible.

Conclusion – Response accepted.

- I-B-09 Disbursement Support – We noted that two of forty disbursements tested were not fully supported by a receipt or invoice prior to the check being released for payment. In addition, one disbursement lacked detailed receipts for meal credit card charges.

Recommendation – All disbursements should be fully supported by an invoice, receipt or other written documentation at the time of payment. The District should follow their credit card policy that requires detailed receipts for all credit card purchases.

Response – We will make sure that all disbursements are properly supported in the future. We will require detailed receipts be turned in for all credit card purchases.

Conclusion – Response accepted.

- I-C-09 Disbursement Approval – We noted that one of forty disbursements tested was not properly approved by the Board.

Recommendation – The procedure described in the above comment weakens the control that the Board has over disbursements. All disbursements should be approved by the Board.

Chapter 279.29 of the Code of Iowa provides that “the Board shall audit and allow all just claims against the corporation and no order shall be drawn upon the treasury until the claim therefore has been audited and allowed.” In accordance with an Attorney General’s opinion dated July 12, 1979, “no claim can be paid until the Board has taken final action on the claim. Logically, no final action can be taken on the claim until all of the specifics of the claim have been examined and verified.”

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

I-C-09 Disbursement Approval (continued)

Response – This was an isolated incident. We will make sure that all disbursements are properly approved by the Board in the future.

Conclusion – Response accepted.

I-D-09 Cancellation of Invoices – We noted that the District's invoices are not marked as paid as evidence of cancellation. Although the invoices are attached to the purchase order, the invoice could be detached and paid twice.

Recommendation – All invoices and statements should be cancelled by being marked paid to prevent the invoice from being paid twice.

Response – We will mark all invoices as paid in the future.

Conclusion – Response accepted.

I-E-09 Activity Fundraiser – We noted in our testing of Special Revenue, Student Activity Fund fundraisers that no fundraiser reconciliation was prepared by the activity sponsor.

Recommendation – The District should adopt and enforce a policy which requires a fundraiser reconciliation to be completed by sponsors for all fundraisers. This reconciliation should tie total sales receipts to the related bank deposits and reconcile sales receipts to the related disbursements to determine if the fundraiser met the expected profit margin.

Response – We are currently working on creating a reconciliation form. We are educating all clubs and sponsors about the importance of this procedure.

Conclusion – Response accepted.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

I-F-09 Sigourney Education Foundation – The District is acting as an agent of the Sigourney Education Foundation, which is considered a blended component unit of the District. However, this fund is not recorded in the District's general ledger.

Recommendation – The District should record the Sigourney Education Foundation into an agency fund in their software system's general ledger.

Response – We had not previously been told that the Sigourney Education Foundation should be incorporated in the District's records. We will properly include it in the future as an agency fund.

Conclusion – Response accepted.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

- II-A-09 Certified Budget – Expenditures for the year ended June 30, 2009, exceeded the amount budgeted in the support services function.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – We were not aware that capital lease equipment purchases would be included as expenditures for the budget. We will amend the budget in the future for any capital lease purchase agreements.

Conclusion – Response accepted.

- II-B-09 Questionable Expenditures – Certain expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

| <u>Paid To</u> | <u>Fund Used</u> | <u>Purpose</u> | <u>Amount</u> |
|---|------------------|------------------------|-----------------|
| Iowa Public Employees Retirement System (IPERS) | General | Late fees and interest | \$ 993 |
| MidwestOne Bank | General | Overdraft fees | 162 |
| MidwestOne Bank | Capital Projects | Overdraft fees | 108 |
| | | | <u>\$ 1,263</u> |

Recommendation – The District should timely pay IPERS each month to avoid any additional fees. Also, the District should ensure bank account balances are sufficient to avoid overdraft fees. Elimination of multiple checking accounts would reduce the risk of individual bank account overdrafts.

Response – We will timely pay IPERS each month and make sure all bank accounts have sufficient balances in the future.

Conclusion – Response accepted.

- II-C-09 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting (continued):

- II-D-09 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

| <u>Name, Title and Business Connection</u> | <u>Transaction Description</u> | <u>Amount</u> |
|---|------------------------------------|---------------|
| Richard Danowsky, Board President Sales Representative – Musco Sports Lighting | Speaker Brackets | \$ 891 |

In accordance with Chapter 279.7A of the Code of Iowa, the transaction does not appear to represent a conflict of interest since the cumulative amount was less than \$2,500 for the fiscal year.

- II-E-09 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-09 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-I-09 Certified Annual Report – We noted a significant amount of capital lease purchase agreement proceeds and related equipment expenses that were not recorded on the Certified Annual Report. In addition, the report was not certified to the Iowa Department of Education timely.
- Recommendation – In the future, the District should ensure that all transactions are recorded on the Certified Annual Report and make sure the Certified Annual Report is certified in a timely manner.
- Response – We will properly record any capital lease purchase agreements and related expenses on the Certified Annual Report and certify our Certified Annual Report in a timely manner in the future.
- Conclusion – Response accepted.
- II-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting (continued):

- II-K-09 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

| | | |
|--|----|-----------------------|
| Beginning balance | \$ | - |
| Statewide sales and services tax revenue | | 343,323 |
| Expenditures/transfers out: | | |
| Debt service for school infrastructure: | | |
| General obligation debt | | <u>134,061</u> |
| Ending balance | \$ | <u><u>209,262</u></u> |

- II-L-09 Disbursement Paid from Wrong Fund – We noted that the District recorded an Agency Fund disbursement in the Private Purpose Trust Fund and paid for the disbursement out of the General Fund. The required general ledger correction and funds transfer were not made until several months later.

Recommendation – The District should record and pay all disbursements from the proper fund. Any required corrections should be made timely.

Response – We will record and pay all disbursements out of the proper fund in the future and make any required corrections timely.

Conclusion – Response accepted.

This document was created with Win2PDF available at <http://www.win2pdf.com>.
The unregistered version of Win2PDF is for evaluation or non-commercial use only.
This page will not be added after purchasing Win2PDF.